

Mass Media Advertising for the Big Retail Banks in the United States:
How Firms are Leveraging Television to Acquire Customers

Honors Thesis

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Abstract

In the retail banking industry, there is an assortment of factors that consumers consider when choosing one bank over another. While studies have been conducted regarding persuasive advertising elements, none of the studies has pertained to banks. American banks are spending millions of dollars on television advertisements, but the reality is that commercial views are on the decline with the growth of digital video recorders and online video streaming. This journal will uncover what advertising strategies are most effective for a variety of banking customer segments. The theory of consumer readiness involves consumer ability and motivation. It was hypothesized that high ability and high motivation individuals would respond more favorably to commercials with central cues compared to low ability and low motivation individuals. A 34-question survey was conducted to help identify which advertising types are most effective to each consumer segments. A series of Z-tests and confidence intervals were run to determine the statistical significance of the survey data. Results are directional, showing that the hypothesis was correct, but only for certain criteria. The hope is that with groups of consumers identified, consumer banks can develop more effective advertising strategies to appeal to each segment. This research opens the door to comparing television, mobile, online, and print advertising effectiveness. Additionally, this research could be replicated by combining research methods, such as EKG studies and focus group interviews, in order to decrease the biases of respondents that are commonly found in surveys.

Dedicated to Grandpa Nathan

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Chapter 1: Introduction

We have all watched television at least once in our lives. Some watch more than others, but many people spend countless hours on the couch over the course of a week—it's not an opinion, it's a fact. In the past week, approximately 84% of individuals aged 18 and up saw at least one television ad (Hulkower 2014). The National Football League playoff championship, branded as the Super Bowl, attracted 114.4 million viewers in 2015, making it the “most watched broadcast in U.S. TV history” (Pallotta 2015). A highly anticipated segment of the Super Bowl viewing experience is the commercial breaks. This year's price tag for a 30-second commercial spot during the Super Bowl was \$4.5 million (Poggi 2015). But why is it that firms are willing to spend top dollar for impressions? The answer lies in the profound effect that commercials can have on consumers. According to the YouGov BrandIndex, firms who put millions on the line during the big game saw huge jumps in consumer word-of-mouth, the most influential customer acquisition technique (O'Connor 2012). Additionally, many of these firms gained tens of thousands of Facebook fans and Twitter followers, an essential platform for increasing customer acquisition and retention (Poggi 2015, "Brands Like Mcd, Pizza Hut, KFC Going The Digital, Social Media Way For Increasing Customer Retention, Acquisition' 2014) Most importantly, however, is that in the past month, it has been

reported that 19% of consumers aged 18 and over have bought a product or service because of a television commercial (Hulkower 2014).

Some experts say that television commercials are in trouble. The prevalent use of digital video recorders, or DVR, allows consumers to record any airing on television for their viewing at a later time. The feature that is threatening to advertisers is that DVR owners are engaging in ad-skipping, meaning they fast-forward through the commercials and get back to their show without any restriction. With almost half of consumers owning a DVR, advertisers are feeling the need to adopt new techniques to reach their target segments (Hulkower 2014). Since advertisers pay the cable providers to air commercials, the cable providers are feeling pressure to move customers to video on demand, or VOD (Hulkower 2014). VOD still allows cable customers to view shows at a time other than when they are aired, but it restricts the ability to fast forward and ad-skip. The expanding role that DVR and VOD are playing is capping television advertising reach and growth (Hulkower 2014).

Another video-watching medium that is threatening television advertising is online streaming. According to comScore (2014), 56.7% of the American population watched at least one online video in April 2014. In that same month, the average Internet user spent 16 minutes and 49 seconds watching online video ads ("ComScore Releases April 2014 U.S. Online Video Rankings" 2014). Firms are catching on because in 2013, the Internet saw a 22% growth in online video advertisements (Hulkower 2014). In the same way that advertisers prefer VOD to DVR because of the decreased risk of ad-skipping, online videos also contain advertisements that are difficult to elude. Not only

are Internet video ads harder to dodge, they are also more targeted (Hulkower 2014). Targeting makes for more effective advertising because it gives firms the ability to gain insight on consumers and deliver messages that are more likely to pertain to them. Big data enables firms to target consumers based on demographics, psychographics, geography, behavior, and culture. For example, a television commercial for a luxury watch is delivered to an entire zip code. Some of the people watching the show are not in the market for the product, so the firm is wasting advertising dollars sending the message to them. Big data allows the firm to segment the individuals viewing the online video and determine if they are a potential consumer, thus saving them from waste. Since young adults spend more time on the Internet, they are the most likely to see online ads and the least likely to see television ads (Hulkower 2014). As the millennial population begins to age, the use of online video ads can be projected to increase even more rapidly than it already is, posing a big threat to the television commercial industry.

The retail banking industry draws nearly as many Americans as the auto industry. A 2013 household survey conducted by the Federal Deposit Insurance Corporation, or FDIC, found that around 88.4% of American households owned a checking account, a number that is expected to increase as the U.S. economy continues to improve (Burhouse, Chu, Goodstein, Northwood, Osaki and Sharma 2013). Interestingly, the 90.8% of American households that owned a motor vehicle in 2012, a number that has decreased every year since 2007 ("Hitchin' a Ride: Fewer Americans Have Their Own Vehicle" 2014). With these trends, it is not outrageous to consider that the retail banking industry could surpass the auto industry within the next several years. Another mass appealing

factor about the retail banking industry is that anyone can have a bank account. Many states require individuals under the age of 18 to have an adult co-signer to open a bank account; however, while one must pass a test to operate a motor vehicle, there are no qualifying tests to own an account. Furthermore, while a disabled individual may be physically unable to operate a car, banks have adopted technology to improve the accessibility to their services (“Accessible Banking” 2015).

Chapter 2: Theoretical Context

Everyone is different. Firms cannot simply create an advertisement and expect that it will appeal to each type of consumer. Firms identify their target market and then develop an advertisement that will appeal to that set of individuals. Successfully identifying the target market can prove to be the pivotal factor of an advertising campaign. When it comes to consumers, no two consumers are exactly alike, but firms can group them into segments based on certain characteristics.

One framework that determines a segment's willingness to process information from advertisements is consumer readiness. Two factors of consumer readiness include consumer motivation and consumer ability (MacInnis, Moorman, and Jaworski 1991).

Commonly referred to in related studies as "involvement", motivation is best defined as consumers' determination to analyze the information presented in an advertisement (MacInnis et al. 1991). A key driver of an individual's motivation is the personal relevance of the object at hand (Petty and Cacioppo 1983). When an individual finds an object in an advertisement to be personally relevant, they recognize the influence that the object has in fulfilling their "goals and [values]" (Petty and Cacioppo 1984). For example, an adult homeowner who is trying to improve the shape of his or her front lawn will presumably have more motivation to pay attention and process a commercial for weed killer than an adult who pays monthly rent at a high-rise apartment. The adult

homeowner used in this example would be classified as having high motivation to “allocate processing resources” to the information in the ad due to the personal relevance of the product (MacInnis et al. 1991). The high motivation this homeowner possesses results in “[increased] production of support or counterarguments” in response to the advertisement (Batra and Ray 1986). On the other hand, since apartment dwellers have no lawn to maintain, weed killer has no personal relevance to a tenant. The apartment tenant would have low motivation to give the weed killer advertisement a chance, and would most likely avoid viewing it entirely. The lack of personal relevance leads to low motivation, which in turn causes attention spans to focus on stimuli other than the advertisement (MacInnis et al. 1991). The most likely option for a low motivation viewer would be to switch to a different channel or to engage in other activities, such as reading a magazine or completing household chores (Hulkower 2014). Ultimately, motivation answers the question, “Why would I pay attention to this message?”

The other factor, ability, indicates a consumer’s proficiency in decoding information in an advertisement (MacInnis et al. 1991). Higher knowledge about a presented concept facilitates deeper processing capacity (Batra and Ray 1986). To illustrate, consider a sports car commercial that includes material regarding horsepower, gas mileage, and aerodynamic body design. A car enthusiast would probably be able to understand this advertisement more than a ten year old child. The car enthusiast’s background and knowledge of automobiles would lead him to have a high ability to comprehend and process information in the advertisement. In contrast, a child’s unfamiliarity with automobile terms and statistics, coupled with having no anchor for

comparison, would grade a child as having low ability to comprehend and process car commercials. While the car enthusiast has a high ability in the sports car commercial, he may have a low ability in processing information presented in a commercial for the popular mobile game “Clash of Clans”. This is a fundamental element of ability; it varies from object to object (Batra and Ray 1986). An individual’s ability is the answer to the question, “Can I interpret this message?”

After defining consumer readiness, firms can shape their advertising strategies using fragments of concepts outlined in prior research. The elaboration likelihood model, or ELM, is highly regarded as being “among the most popular of [attitude change] theories” (Eckert and Goldsby 1997). The ELM contains two types of cues in persuasion—referred to as central and peripheral—that will be outlined so that banks can understand who is most likely drawn by their ad message (Petty and Cacioppo 1983).

We will define central advertisements as those containing central cues. Central cues involve rational (informational) appeals, which highlight the “core elements of the object” in the commercial (Tsao 2014). Examples of central cues include tangible facts about the firm, such as information about its products and services or any industry awards won. The idea is that consumers will gain knowledge about the object in question, see the utilitarian value of the message, and form an opinion based on the commercial’s practicality (Tsao 2014). Returning to an example used previously, consider a sports car commercial that includes facts about the car’s horsepower, gas mileage, and aerodynamic body design. This advertisement would be considered high in central cues due to its usage of informational appeals. Eckert and Goldsby (1997) consider this route to be more

valid in building “persistent, resistant to change” opinions; the opinions and attitudes developed by consumers operating under central processing will last longer and will withstand counterargument messages.

At the other end of the continuum lie peripheral advertisements containing peripheral cues. Peripheral cues are those involving emotional appeals, such as an attractive spokesperson, background music, or visual aesthetics (Petty and Cacioppo 1984). Advertisements that are laden with peripheral cues allow viewers “to be more relaxed and enter another realm of life that brings them more happiness” (Tsao 2014, Lehdonvirta 2009). To put this into perspective, picture a television commercial for a steakhouse. There is jazz music playing in the background while the television screen shows a video of a big, juicy steak that is glistening under the lights. A spokesperson with a familiar voice, perhaps from a well-known show or movie, taunts and tempts the viewer to satisfy their taste buds with this delicious meal. In this steakhouse example, not a single tangible fact was communicated to the consumer. While the steakhouse could have told the consumer details about their chef, customer reviews, or ranking in a local magazine’s list of the top fifty local restaurants, they opted to capture the attention of the consumer via peripheral cues.

Chapter 3: Situational Implications

To review, the goal is to determine what mass media advertising strategies are most influential for consumers who have high versus low motivation/ability in the retail bank purchase-decision process. When the concepts motivation and ability are cross analyzed with central and peripheral advertising, there are disparities in how information is processed. Here, we will examine studies that entail these disparities.

Highly motivated individuals are more likely to scrutinize advertisements, thus, they have a tendency to be drawn by powerful central advertisements and disinterested in peripheral advertisements (Eckert and Goldsby 1997). In a study conducted by Petty, highly motivated individuals were presented with one high quality and one low quality informational message (Petty and Cacioppo 1983). The subjects reported greater effectiveness in messages containing high quality central cues than in messages containing low quality central cues (Petty and Cacioppo 1983). The reasoning lies in highly motivated individuals' intrinsic desire to make the right purchase decision (Tsao 2014). Respondents in Petty's study had high motivation about the topic at hand, and thus processed the message more deeply, resulting in the repudiation of low quality arguments and acceptance of high quality arguments. The more motivated a consumer is, the more time they spend figuring out which product or service to purchase and the more carefully they evaluate the alternatives ("Consumer Behavior: How People Make Buying

Decisions” n.d.). Likewise, if an advertisement attempts to convince viewers by utilizing peripheral cues instead of tangible information, the highly motivated consumer will denounce the source and focus on the perceived weakness of the message (Petty and Cacioppo 1984).

Less motivated consumers have a higher tendency to process peripheral elements than central elements (Wang 2008). The Petty and Cacioppo (1983) study conducted with highly motivated individuals also included low motivation individuals. The results concluded that peripheral cues, such as source expertise and number of arguments, had greater influence on low motivation respondents than did argument strength—a central cue (Petty and Cacioppo 1983). The reasoning lies in the individuals’ lack of motivation; one who does not want to process an advertisement does not want to “engage in message-related thinking [so they resort to focusing] on available peripheral cues” (Cho 1999). If they do not like the peripheral cues, they will dismiss the advertisement and cease exposure, likely by changing the channel or engaging in other activities (Cho 1999). According to these facts, let’s picture a young professional living in New York City, a region with more than 50% of households lacking a motor vehicle (“Hitchin' a Ride: Fewer Americans Have Their Own Vehicle” 2014). This individual would lack motivation to process central cues in a car commercial due to the lack of product relevance to the viewer. While miles per gallon and low down payments might appeal to a suburban family seeking a new car, this NYC resident would put less focus on the facts and more on the peripheral elements. If the music in the commercial was unappealing or

the spokesperson lacked perceived credibility, the young professional would stop paying attention to the ad.

When it comes to high ability, central cues have a higher likelihood of being understood due to consumers' preexisting knowledge. The more knowledge an individual has in a certain field, the more able they will be to analyze information in that field. A paper conducted by Park and Kim (2006) identified consumers with high ability being "more likely to engage in effortful cognitive activity [and greater] focus on the argument quality" (Petty and Cacioppo 1984). Thus, in an advertisement with few or no facts (peripheral advertisement) high ability viewers would be expected to focus on the low quality of the argument. A commercial for a car dealership that says it is the best dealership in town lacks concrete evidence. The low quality of the argument would lead to a high ability individual's rejection of the overall message in the advertisement. Conversely, a high quality argument—one that is deep in factual information (central advertisement)—would incite a high ability consumer to absorb the presented content. Had the car dealership provided a high customer satisfaction rating based on a survey conducted by an independent third party, the strength of the argument would presumably be much greater, resulting in message absorption by a high ability consumer. In brief, a strong argument in an advertisement will be more successful in influencing attitudes of high ability consumers than would a weak argument that involves peripheral cues (Petty and Cacioppo 1984).

A low ability consumer would be persuaded in an entirely different way from a high ability consumer. Since this category of consumers has less prior knowledge or

expertise, their ability to comprehend facts in a message is minimal. As a result, low ability consumers form attitudes by making inferences about simple cues rather than focusing on concrete information or arguments (Petty and Cacioppo 1984). Rather than judging the presented factual arguments, the low ability consumers will devote their attention to peripheral cues, such as likability of the spokesperson, physical attractiveness of the models, or sexual appeals embedded in the message (Geuens and De Pelsmacker 1998). The use of puffery, a common technique in peripheral advertising, leverages emotional appeals without factual information. Firms will say they are the best in their industry or that they are the most reliable, but they don't substantiate their claims, and they do so at the consumers' expense. A lack of ability would make a consumer more susceptible to believing the advertisement, despite a lack of claim substantiation. For example, prior experiments found that when consumers have low ability, a spokesperson with expert power builds the trustworthiness of the message, resulting in higher persuasion (Petty and Cacioppo 1983). Even though the experts are typically paid top dollar to make positive remarks in the television commercials we watch, one's of knowledge in their field, combined with the expert's perceived position of power, renders the message very persuasive. Picture a commercial about a carpet-cleaning product; a scientist is featured in the advertisement claiming that the product is the best on the market. Based on Petty and Cacioppo's (1983) findings, we would say that even though there is no proof backing the scientist's claim, a viewer's lack of knowledge about carpet-cleaning products leads to their acceptance of the overall message.

Chapter 4: Research Methodology

Hypotheses

The two consumer characteristics—motivation and ability—that were previously defined, in conjunction with the studies regarding central and peripheral advertisements, are the basis of this journal. In order to apply these concepts to the retail banking industry, a research study had to be designed employing television commercials produced by a financial institution. Prior to determining a data collection method, hypotheses were formed based on the motivation/ability and central/peripheral findings in previous studies. This first set of hypotheses is formulated for the central advertisement scenario:

H₁: High motivation bank consumers will respond more favorably to central ads than will low motivation bank consumers

H₂: High ability bank consumers will respond more favorably to central ads than will low ability bank consumers

We formulate the following set of hypotheses to test for the peripheral advertisement scenario:

H₃: Low motivation bank consumers will respond more favorably to peripheral ads than will high motivation bank consumers

H₄: Low ability bank consumers will respond more favorably to peripheral ads than will high ability bank consumers

Data Collection Method

An online survey questionnaire was identified as the preferred data collection method to gather data from as many adults as possible in a short period of time. A 34-question, three-part survey was designed using Qualtrics Survey Software. In order to obtain a diverse sample size, respondents were found using various LinkedIn groups, online blogs, and email listservs. Data was gathered for approximately three weeks from 491 respondents with I.P. addresses located across the country.

The first part of the three-part survey was designed to screen the motivation and ability levels (high/low) of respondents. By coding the responses to each screening question, respondents could be allocated a number of points that they earned toward their motivation and ability scores. In order to decipher which individuals were high or low motivation, a median-split technique was employed. Motivation was measured through questions regarding typical purchasing decisions the respondent makes for their household, the number of banks used, frequency of bank visits, and pre-purchase information-searching and alternative-evaluating behavior (Figure 1). Additionally, ability questions focused on: television/cable ownership and usage; comprehension of account policies and financial terms; and employment in the financial services industry (Figure 1).

Part two combined banking and television advertisements. Respondents were shown two Capital One Bank television commercials that were uploaded to YouTube.

Do you own a savings or checking account at a bank?

☐ Yes

☐ No

☐ Not sure

Which types of purchase decisions do you typically make for your household? Please select all that apply.

☐ Home Décor, Grocery Items, etc.

☐ Life Insurance, Investments, etc.

If you are not the primary decision maker, how would you describe your level of influence in purchasing decisions?

Very low Low Moderate High Very high

Do you own a television?

☐ Yes; with basic service

☐ Yes; with digital cable

☐ Yes; without any cable

☐ No

How often do you watch television?

☐ Never

☐ Rarely

☐ Sometimes

☐ Often

How many banks do you bank with?

☐ 0

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5 or more

I understand the policies and fees associated with my bank account(s).

Strongly Disagree Disagree Neither Agree nor Disagree Agree Strongly Agree

Which of the following would you consider to be your "primary bank"?

☐ Bank of America

☐ Chase

☐ PNC

☐ Capital One

☐ US Bank

☐ Other (please specify):

How often do you visit your bank?

Less than Once a Month Once a Month 2-3 Times a Month Once a Week 2-3 Times a Week Daily

Please rate your understanding of the following financial terms: CD, money market, IRA

Poor Fair Good Very Good Excellent

Prior to making investments you primarily:

☐ perform extensive research

☐ complete a brief product comparison via the Internet

☐ ask peers for advice

☐ rely on a loved one to make the decision

☐ Other (please specify):

Do you work in the financial services industry?

☐ Yes

☐ No


Figure 1. Screenshot of Screening Questions Regarding Motivation and Ability

The first video was a video intended to be a central advertisement. Central cues, such as features of checking accounts at Capital One, dominated the overall message of the advertisement. There was not a single human or physical object shown in the video. Keywords would flash onto the screen as the spokesperson said them, and some light

background music played. Following the central advertisement, a series of attitudinal and reactionary statements were responded to using a Likert scale (Figure 2). As a means of confirming that the commercial was truly a central advertisement, respondents were asked to analyze various characteristics of the video (Figure 3). The second video was

Please watch the following video & respond to the questions below.

Different Times Different Bank - 360 Checking® from Capital One®



**NOTE* IF VIDEO IS NOT WORKING, PLEASE FOLLOW THIS LINK:
<https://www.youtube.com/watch?v=TqlrdFzzeto>*

Please choose the best answer for each of the following statements.

| | Strongly Agree | Agree | Neither Agree or Disagree | Disagree | Strongly Disagree |
|---|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|
| The claims made in the ad were believable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I could clearly understand what the company was communicating | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I could easily identify the products or attributes that the company was advertising | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I liked this advertisement | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My willingness to purchase from this company increased after viewing this ad | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The ad changed my opinion on the company in a positive way | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Figure 2. Screenshot of Attitudinal and Reactionary Statements After Video

supposed to be a peripheral advertisement. This ad mainly focused on the bank's concern for the local community. A banker from Capital One was shown going to a local childcare center and bonding with the children there by joking, playing dress-up, riding around on a tricycle, and painting with them. The video spokesperson, the owner of the center, briefly mentions how the banker helped him get the financing needed to open two new centers and how the bank helps local businesses grow. Following the peripheral advertisement, the same series of attitudinal and reactionary statements found after the central advertisement were responded to using the same Likert scale (Figure 2). Respondents again analyzed characteristics of the video to confirm that the commercial was truly a peripheral advertisement, as it was intended to be (Figure 3). If respondents were Capital One customers, they were asked if each commercial made them want to continue their relationship with the firm. If respondents were not Capital One customers, they were asked if they thought each commercial made them want to start a relationship with the firm.

Finally, part three was a standard demographic section (Appendix A). Not only was the demographic section intended to identify demographic disparities in high and low ability/motivation groups, but was also included to confirm that the sample was actually diverse. Respondents were asked their age, marital status, household income, number of children, number of persons in their household, and race/ethnicity. Respondents were not required to answer any demographics questions—their responses were solely voluntary.

Drag the slider to describe your opinion about the following statements on the ad shown above.

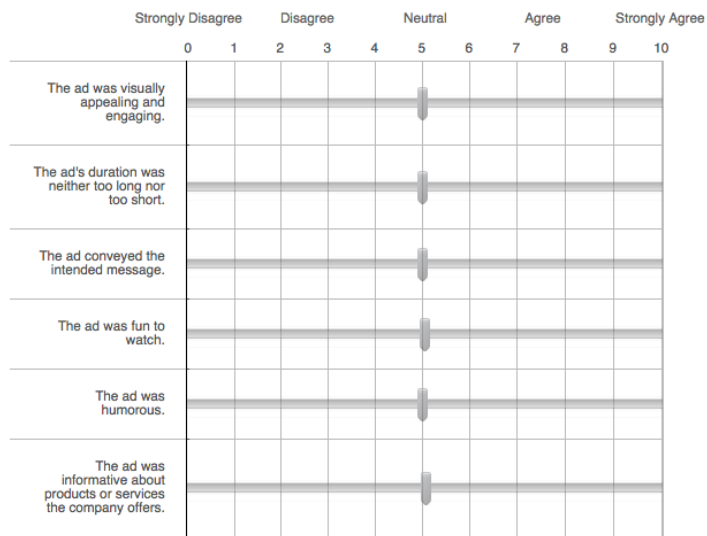


Figure 3. Screenshot of Video Characteristics Analysis Statements After Video

Chapter 5: Results

First, the survey data from each attitudinal/reactionary statement was coded.

Individuals who responded more favorably to the central ad than the peripheral ad were assigned a “1”, while those who responded more favorably to the peripheral ad than the central ad were assigned a “0”. These totals were summarized in two tables—one for motivation and one for ability. Each individual table was separated by high and low motivation/ability (Table 1-6). The proportion of 1s is calculated in both the high and low groups (Table 1-6). We were looking for situations in which the high group had a higher proportion than the low group, so we highlighted these cases in yellow to indicate that the result was directional and subject to further statistical testing (Table 1, 4, 5).

| The claims made in the ad were believable | | | | |
|---|-----|-----|-------|------------|
| Motivation | | | | |
| | 1's | 0's | TOTAL | |
| High | 28 | 113 | 141 | 19.86% |
| Low | 19 | 97 | 116 | 16.38% |
| TOTAL | 47 | 210 | 257 | Proportion |
| Ability | | | | |
| High | 27 | 141 | 168 | 16.07% |
| Low | 20 | 69 | 89 | 22.47% |
| | 1's | 0's | Total | Proportion |

Table 1. Proportions Summary 17A/23A

| I could clearly understand what the company was communicating | | | | |
|---|-----|-----|-------|------------|
| Motivation | | | | |
| High | 11 | 131 | 142 | 7.75% |
| Low | 14 | 102 | 116 | 12.07% |
| | 1's | | Total | Proportion |
| Ability | | | | |
| High | 15 | 154 | 169 | 8.88% |
| Low | 10 | 79 | 89 | 11.24% |
| | 1's | 0's | Total | Proportion |

Table 2. Proportions Summary 17B/23B

| I could easily identify the products or attributes that the company was advertising | | | | |
|---|-----|-----|-------|------------|
| Motivation | | | | |
| High | 12 | 129 | 141 | 8.51% |
| Low | 16 | 99 | 115 | 13.91% |
| 1's | | | Total | Proportion |
| Ability | | | | |
| High | 18 | 151 | 169 | 10.65% |
| Low | 10 | 77 | 87 | 11.49% |
| 1's | 0's | | Total | Proportion |

Table 3. Proportions Summary 17C/23C

| I liked this advertisement | | | | |
|----------------------------|-----|-----|-------|------------|
| Motivation | | | | |
| High | 53 | 87 | 140 | 37.86% |
| Low | 40 | 77 | 117 | 34.19% |
| 1's | | | Total | Proportion |
| Ability | | | | |
| High | 64 | 105 | 169 | 37.87% |
| Low | 29 | 59 | 88 | 32.95% |
| 1's | 0's | | Total | Proportion |

Table 4. Proportions Summary 17D/23D

| My willingness to purchase increased after viewing this ad | | | | |
|--|-----|-----|-------|------------|
| Motivation | | | | |
| High | 35 | 106 | 141 | 24.82% |
| Low | 26 | 91 | 117 | 22.22% |
| 1's | | | Total | Proportion |
| Ability | | | | |
| High | 46 | 123 | 169 | 27.22% |
| Low | 15 | 74 | 89 | 16.85% |
| 1's | 0's | | Total | Proportion |

Table 5. Proportions Summary 17E/23E

| This ad changed my opinion on the company in a positive way | | | | |
|---|-----|-----|-------|------------|
| Motivation | | | | |
| High | 38 | 103 | 141 | 26.95% |
| Low | 37 | 79 | 116 | 31.90% |
| 1's | | | Total | Proportion |
| Ability | | | | |
| High | 49 | 121 | 170 | 28.82% |
| Low | 26 | 61 | 87 | 29.89% |
| 1's | 0's | | Total | Proportion |

Table 6. Proportions Summary 17F/23F

At this point, two-proportion Z-tests were conducted for each of the five yellow cases. The p-values were all above the alpha value (0.05) except for the test involving ability as seen in Table 5. With the $p\text{-value} < 0.05$ for the ability test, we reject the null hypothesis that the proportion of 1s are equal in high and low ability respondents for the statement “My willingness to purchase increased after viewing this ad”. To provide further support to the statistical significance of the p-value, a confidence interval was completed for the difference of the two population proportions—high and low ability. The result proved that the true difference between the populations is reasonably anywhere from .09% to 20% more high ability respondents reacting positively to the central ad than the peripheral ad. Thus, it can be inferred with 95% confidence that in the American

population, more high ability bank consumers would have increased willingness to purchase after watching a central ad versus a peripheral ad than low ability bank consumers. These results support H₂ and H₄. Alternatively, based on the same tests it can be inferred with 95% confidence that in the American population, more low ability bank consumers would have increased willingness to purchase after watching a peripheral ad versus a central ad than high ability bank consumers.

While only one out of twelve tests proved to have statistical significance, a total of four out of the remaining eleven tests were directional in the way that they were hypothesized (Figure 4).

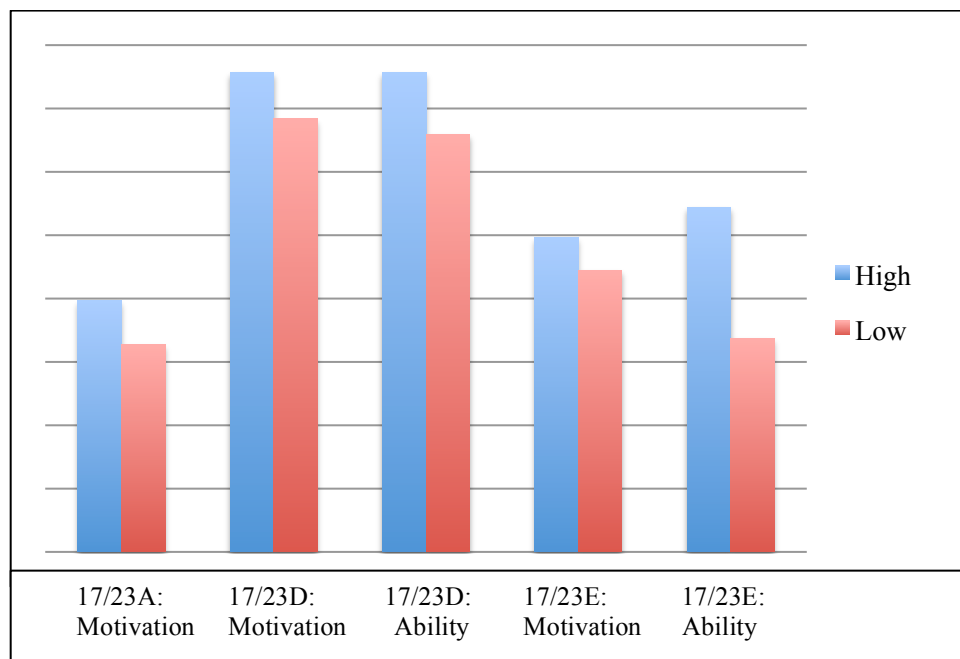


Figure 4. Chart of the Five Tests in the Direction that was Hypothesized

The results of the four directional tests are as follows, but can only be applied to the sample population due to their lack of statistical significance:

Directionally more high motivation bank consumers versus low motivation bank consumers saw the claims made in the central ad as more believable than claims made in the peripheral ad (Table 1). Likewise, directionally more low motivation bank consumers versus high motivation bank consumers saw the claims made in the peripheral ad as more believable than claims made in the central ad (Table 1).

Directionally more high ability bank consumers versus low ability bank consumers liked the central ad than the peripheral ad (Table 4). At the same time, it was discovered that directionally more low ability bank consumers versus high ability bank consumers liked the peripheral ad than the central ad (Table 4). The same results were found for motivation (Table 4).

Directionally more high motivation bank consumers had increased willingness to purchase after watching a central ad versus a peripheral ad than low motivation bank consumers (Table 5). On the other hand, directionally more low motivation bank consumers had increased willingness to purchase after watching a peripheral ad versus a central ad than high motivation bank consumers (Table 5).

These results were expected to have more statistical significance so that we could apply them to the U.S. population; however, the survey data was subject to several limitations that will be outlined.

When analyzing the survey data, the mean responses for attitudinal/reactionary and characteristics statements indicated that respondents from all four groups had a hard time believing the claims or understanding the overall messages made in central and peripheral ads. Despite this, they rated each ad moderately high on conveying their intended messages. In other words, although individuals had difficulty believing and comprehending the ads, they think that the banks conveyed their messages well. This may speak to the preconceived perceptions that consumers have about banks.

To confirm that the videos watched were accurately labeled as central and peripheral advertisements, we observed and compared responses to characteristics statements (Appendix A). The first video (intended to be a central advertisement) was identified by the sample as being less visually appealing and engaging, not very fun to watch, and not at all humorous. It was also characterized as conveying the intended message and relatively informative about products or services the company offers. These responses are consistent with what a central advertisement typically entails—information about the firm without captivating peripheral cues, such as humor or visually appealing components. In contrast, the second video (intended to be a peripheral advertisement) was identified by the sample as not very informative about products or services the company offers and less effective at conveying the intended message. At the same time, it was considered more visually appealing and engaging, more humorous, and fun to watch.

Fundamentally, this is what a peripheral advertisement aims to involve—peripheral cues with little or no central cues. The second commercial incorporated visual elements to capture the audience’s attention, humor to keep them entertained, and a lack of technical jargon that could potentially go beyond the ability of its viewers.

There were negligible differences recorded between the central and peripheral advertisement among all four groups regarding the questions about beginning a new relationship with and starting a new relationship with Capital One. Responses to the question about starting a new relationship with Capital One were predominantly negative (Appendix B). This was not surprising, as it typically takes more than one advertisement to generate an attitude change. In fact, according to the theory of effective frequency, it typically takes at least three views of the same advertisement to build comfort, familiarity, and acceptance of the brand and message (Jones 1997). Responses to the question about continuing an existing relationship with Capital one generated a majority of neutral or positive opinions about the idea (Appendix B). It was not anticipated that there would be much disparity between respondent groups in this arena, as it typically takes bad experiences or unexpected changes for consumers to have a desire to switch from their current bank ("Why Consumers Exaggerate When They Threaten to Switch Banks" 2013).

According to the demographics analysis, the high motivation and high ability groups were mainly comprised of individuals with at least one college degree, 45 to 54 years of age, and an approximate household income of over \$100,000. The low motivation and low ability groups had an average age of the 35 to 44 years, with an

approximate household income under somewhere in the range of \$75,000 and \$99,999. The low motivation/ability individuals also had a lower likelihood of having more than one college degree. These noteworthy disparities between high and low motivation/ability individuals are no coincidence. The longer someone is alive, the more time they have accumulated managing their finances and using a bank. The same can be said about income, as the further along someone is in their career path, the more money they are likely to earn. Similarly, as individuals work in industry, they may be encouraged to earn an additional degree to advance in the organizational chart. Also, the average age of a graduate school student is mid- to late-thirties, suggesting that some individuals in the low motivation/ability segments are currently considering going to or are in graduate school (Martin 2012). With graduate school being an indicator of high motivation/ability, one can expect that individuals in the age range of going to graduate school could become high motivation/ability over time.

One intriguing finding centered upon consumers' understanding of their accounts and account policies. A summary of the screening data discovered that over one out of four bank consumers lacks understanding or is unsure about their account and account policies (Figure 5). Essentially, one out of four people is depositing their money into an account at a bank with little or no clue as to what fees they may incur or what sort of power their bank has over them. These consumers, in some cases, put their entire life savings on the line due to their inability or lack of motivation to learn about their bank account. As one may expect, an overwhelming majority of those who are unsure or

lacking understanding about their account and account policies are low ability bank consumers (Table 7).

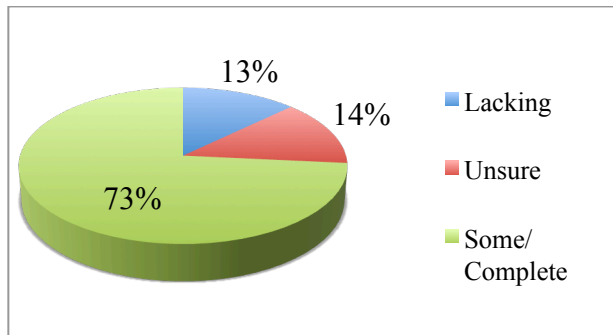


Figure 5. Understanding About Account & Policies

| | High Ability | Low Ability |
|---------------|--------------|-------------|
| Unsure | 8 | 54 |
| Lacking | 26 | 40 |
| Some/Complete | 227 | 128 |

Table 7. Breakdown of Responses: Understanding About Account & Policies

Chapter 6: Discussion and Conclusion

There were some limitations associated with this research study that are worth noting. For one, low ability respondents were under-represented. Low ability bank consumers may be difficult to acquire when employing mainstream methods to acquire respondents. Furthermore, low ability respondents may not be equipped to respond to a survey they know little about. Additionally, the two videos in the survey were viewed back-to-back and required that the respondents watch them with full attention. In a real-life television-watching experience, viewers watch shows in between commercials or casually watch commercials. In this research study, respondents were asked some personal questions before being asked to put two videos under extensive review; it just is not the same as casual television watching. Also, this study had a subjective evaluation of respondents' motivation and ability levels. This was a flaw of the overall survey, and as a result, it is possible that some respondents were mislabeled. A more objective evaluation would ensure higher validity in the screening phase of the survey. One very common issue with surveys is the response biases that frequent survey respondents. Respondents have a tendency to engage in extreme responding bias (i.e. Strongly Disagree/Agree) and social desirability bias (i.e. responding in a way that makes you look or feel better). Another potential issue with the survey was that all respondents viewed the central ad and then the peripheral ad; the order could have influenced attitude formation. Finally, this

survey pertained only to English-speakers. In a nation that is currently inhabited by so many individuals for whom English is not their primary, it would be considered extrapolating to apply any findings in this survey to non-English speakers or those for whom English is not their primary language.

This journal opens the door to countless further studies. It would be very beneficial to replicate this research, but combine research methods. This journal relied solely on literature review and a survey questionnaire, but combining it with focus group interviews, observational research, and/or neurological (EKG) studies can further expose the television advertising techniques that are most successful at affecting bank consumers. To add to that, comparing advertisements from different mediums would uncover differences in the effectiveness of mobile, online, print, and television bank advertising. As advertising is turning more digital and mobile and the expenditure for mass media television continues to shrink, retail banks could explore the effectiveness of advertising employing modern methods. Along with advertising mediums, advertising messages are another factor that could be added to the equation. Banks will sometimes come out with an ad featuring content that could pertain to many individuals across the United States, but other times they will release an ad that is targeted to a specific geographical region. For example, the central ad in this study can appeal to individuals across the country regardless of where they reside, whereas the peripheral ad was focused on the Washington D.C. metropolitan area. How would the appeal of the peripheral ad change if they did not mention a location? Would it be more effective? On the other hand, if the central ad in this study were focused on a specific geographic region, would it

be more or less effective? Another potential focus could involve conducting a case study on the Hispanic American population. With the Spanish-speaking population getting more acclimated to American culture and their families cultivating second generation Hispanic Americans, all marketers need to consider directing advertisements to this growing demographic. There may be cultural and behavioral differences between Americans and Hispanic immigrants. Replicating this study to solely Hispanic Americans would be relatively simple compared to other further studies we have just outlined. Furthermore, as the Millennial (Generation Y) population—the generation with the most fear about their financial situation (Hulkower 2014)—enters the full-time workforce, it will be interesting to see how their banking behavior differs from their parents' and grandparents'. What appeals to Baby Boomers and Generation X'ers may prove to be ineffective to Millennials.

In order to fully understand how to advertise to consumers in any industry, firms need to know their audience. With the introduction of Web 2.0 and data analytics in the past decade, it is becoming easier than ever to gain insights about Americans. While this is a luxury, it is also a huge task that leads to more problems to solve. Which customer segments are the most profitable? Is it worth the marketing investment to try and gain business from each customer segment or do you want to appeal to a niche market? And lastly, how do you tailor advertisements to each customer segment and where do you deliver these messages in order to capture the largest share of the desired segments? This is an ongoing and dynamic task for marketers.

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Appendix A: Survey Questionnaire

Do you own a savings or checking account at a bank?

- ☐ Yes
- ☐ No
- ☐ Not sure

Which types of purchase decisions do you typically make for your household? Please select all that apply.

- ☐ Home Décor, Grocery Items, etc.
- ☐ Life Insurance, Investments, etc.

If you are not the primary decision maker, how would you describe your level of influence in purchasing decisions?

- | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Very low | Low | Moderate | High | Very high |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Do you own a television?

- ☐ Yes; with basic service
- ☐ Yes; with digital cable
- ☐ Yes; without any cable
- ☐ No

How often do you watch television?

- ☐ Never
- ☐ Rarely
- ☐ Sometimes
- ☐ Often

How many banks do you bank with?

- ☐ 0
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5 or more

I understand the policies and fees associated with my bank account(s).

- | | | | | |
|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|
| Strongly Disagree | Disagree | Neither Agree nor Disagree | Agree | Strongly Agree |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Which of the following would you consider to be your "primary bank"?

- ☐ Bank of America
- ☐ Chase
- ☐ PNC
- ☐ Capital One
- ☐ US Bank
- ☐ Other (please specify):

How often do you visit your bank?

- | | | | | | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Less than Once a Month | Once a Month | 2-3 Times a Month | Once a Week | 2-3 Times a Week | Daily |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Please rate your understanding of the following financial terms: CD, money market, IRA

Poor



Fair



Good



Very Good



Excellent



Prior to making investments you primarily:

- ☐ perform extensive research
- ☐ complete a brief product comparison via the Internet
- ☐ ask peers for advice
- ☐ rely on a loved one to make the decision
- ☐ Other (please specify):

Do you work in the financial services industry?

- ☐ Yes
- ☐ No

End of Part I: Screening Questions

Start of Part II: Advertising & Videos

In advertisements about services (i.e. lawyers, banks, etc.), what technique(s) do you find to be most influential? Please select all that apply.

- ☐ Expert Endorsements
- ☐ Customer Endorsements
- ☐ Company Ratings or Industry Rankings
- ☐ Benefits (beyond the service itself)
- ☐ Comparative Advertising (compares the company to others)
- ☐ Other (please specify):

Who is a convincing spokesperson for a TV commercial? Please select all that apply.

- ☐ Celebrity/Athlete
- ☐ CEO of the company
- ☐ Actual Customers
- ☐ A Familiar Voice (from TV, movies, etc.)
- ☐ Industry Expert or Scientist
- ☐ Other (please specify):

What type of TV commercial draws your attention the most? Please rank options from 1 (most attention) to 8 (least attention).

- ☐ Touching scripts (e.g. Budweiser dog commercial, <https://www.youtube.com/watch?v=eubWYPhcEEo>)
- ☐ Flashy, fast-edited, upbeat (e.g. sports car commercial, <https://www.youtube.com/watch?v=HYQK0V8bsY>)
- ☐ Clever, funny scripts (e.g. Geico commercial, https://www.youtube.com/watch?v=hwVVbHJ_BfU)
- ☐ Citing industry ratings or reports (e.g. J.D. Power Award recipient, <https://www.youtube.com/watch?v=85H3TG81ZpU>)
- ☐ Straight to the point (e.g. iPhone 6 commercial, <https://www.youtube.com/watch?v=l3uAoeQBpcQ>)
- ☐ Talking cartoons/animals (e.g. Aflac duck, <https://www.youtube.com/watch?v=P9XhX7By7h4>)
- ☐ Comparing the company/product to competitors (e.g. Mac vs. PC, <https://www.youtube.com/watch?v=TvFGDX55SBc>)
- ☐ Showing a demonstration (e.g. cleaning products, <https://www.youtube.com/watch?v=izk1HY-mpEA>)

Having a celebrity spokesperson influences your opinion about a product/service.

- ☐ Strongly Disagree
- ☐ Disagree
- ☐ Neither Agree nor Disagree
- ☐ Agree
- ☐ Strongly Agree

Please watch the following video & respond to the questions below.



**NOTE* IF VIDEO IS NOT WORKING, PLEASE FOLLOW THIS LINK:
<https://www.youtube.com/watch?v=TqldFzzeto>*

Please choose the best answer for each of the following statements.

| | Strongly Agree | Agree | Neither Agree or Disagree | Disagree | Strongly Disagree |
|---|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|
| The claims made in the ad were believable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I could clearly understand what the company was communicating | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I could easily identify the products or attributes that the company was advertising | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I liked this advertisement | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My willingness to purchase from this company increased after viewing this ad | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The ad changed my opinion on the company in a positive way | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Are you a current customer of Capital One Bank?

- ☐ Yes
- ☐ No

Does this advertisement make you want to continue your current banking relationship with the company?

- ☐ Very Unlikely
- ☐ Unlikely
- ☐ Somewhat Unlikely
- ☐ Undecided
- ☐ Somewhat Likely
- ☐ Likely
- ☐ Very Likely

Drag the slider to describe your opinion about the following statements on the ad shown above.

| | Strongly Disagree | Disagree | | Neutral | | Agree | | Strongly Agree | | | |
|---|-------------------|----------|---|---------|---|-------|---|----------------|---|---|----|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| The ad was visually appealing and engaging. | | | | | | | | | | | |
| The ad's duration was neither too long nor too short. | | | | | | | | | | | |
| The ad conveyed the intended message. | | | | | | | | | | | |
| The ad was fun to watch. | | | | | | | | | | | |
| The ad was humorous. | | | | | | | | | | | |
| The ad was informative about products or services the company offers. | | | | | | | | | | | |

Have you seen this ad before?

- ☐ Yes
- ☐ No
- ☐ Not sure

Other than trying to get you to buy the product or service, in your opinion, what is the main message of this ad?

Please watch the following video & respond to the questions below.



**NOTE* IF VIDEO IS NOT WORKING, PLEASE FOLLOW THIS LINK:*
<https://www.youtube.com/watch?v=OPi3g-142XI>

Please choose the best answer for each of the following statements.

| | Strongly Agree | Agree | Neither Agree or Disagree | Disagree | Strongly Disagree |
|---|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|
| The claims made in the ad were believable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I could clearly understand what the company was communicating | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I could easily identify the products or attributes that the company was advertising | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I liked this advertisement | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| My willingness to purchase from this company increased after viewing this ad | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The ad changed my opinion on the company in a positive way | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Does this advertisement make you want to continue your current banking relationship with the company?

- ☐ Very Unlikely
- ☐ Unlikely
- ☐ Somewhat Unlikely
- ☐ Undecided
- ☐ Somewhat Likely
- ☐ Likely
- ☐ Very Likely

Drag the slider to describe your opinion about the following statements on the ad shown above.

| | Strongly Disagree | Disagree | | Neutral | | Agree | | Strongly Agree | | | |
|---|-------------------|----------|---|---------|---|-------|---|----------------|---|---|----|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| The ad was visually appealing and engaging. | | | | | | | | | | | |
| The ad's duration was neither too long nor too short. | | | | | | | | | | | |
| The ad conveyed the intended message. | | | | | | | | | | | |
| The ad was fun to watch. | | | | | | | | | | | |
| The ad was humorous. | | | | | | | | | | | |
| The ad was informative about products or services the company offers. | | | | | | | | | | | |

Have you seen this ad before?

- ☐ Yes
- ☐ No
- ☐ Not sure

Other than trying to get you to buy the product or service, in your opinion, what is the main message of this ad?

End of Part II: Advertising and Videos

Start of Part III: Demographics

What is your age?

- ☐ 18 - 24
- ☐ 25 - 34
- ☐ 35 - 44
- ☐ 45 - 54
- ☐ 55 - 64
- ☐ 65 and over

What is your marital status?

- ☐ Single
- ☐ Married
- ☐ Widowed
- ☐ Divorced

Please indicate your approximate yearly household income before taxes. (Include total income of all adults living in your household.)

- | | |
|---|---|
| <input type="radio"/> Under \$25,000 | <input type="radio"/> \$100,000 - \$149,999 |
| <input type="radio"/> \$25,001 - \$49,999 | <input type="radio"/> \$150,000 and over |
| <input type="radio"/> \$50,000 - \$74,999 | <input type="radio"/> Prefer not to say |
| <input type="radio"/> \$75,000 - \$99,999 | |

What is your highest level of education?

- ☐ Some high school
- ☐ High school graduate
- ☐ Trade/technical/vocational training
- ☐ Some college
- ☐ College graduate
- ☐ Postgraduate/professional

Please indicate the number of children in your household under the age of 18.

- ☐ Zero
- ☐ One
- ☐ Two
- ☐ Three
- ☐ Four or more

Including yourself, how many persons are in your household?

- ☐ One
- ☐ Two
- ☐ Three
- ☐ Four
- ☐ Five or more

Please identify your ethnicity. Please select all that apply.

- | | |
|--|--|
| <input type="checkbox"/> Non-Hispanic White or Euro-American | <input type="checkbox"/> South Asian or Indian American |
| <input type="checkbox"/> African American, Afro-Caribbean or Black | <input type="checkbox"/> Middle Eastern or Arab American |
| <input type="checkbox"/> Latino or Hispanic American | <input type="checkbox"/> Native American or Alaskan Native |
| <input type="checkbox"/> East Asian or Asian American | <input type="checkbox"/> Other |

End of Part III: Demographics

Appendix B: Continuing or Starting a Relationship with Bank After Viewing Ads

| Q19 (After Central Ad) Ad make you want to continue with Capital One? | | | Q19B (After Central Ad) Ad make you want to start with Capital One? | | |
|--|------------|---------|--|------------|---------|
| | Motivation | Ability | | Motivation | Ability |
| High | 4.625 | 4.717 | High | 2.550 | 2.414 |
| Low | 5.000 | 4.964 | Low | 2.423 | 2.627 |

| Q24 (After Peripheral Ad) Ad make you want to continue with Cap1? | | | Q24B (After Peripheral Ad) Ad make you want to start with Cap1? | | |
|--|------------|---------|--|------------|---------|
| | Motivation | Ability | | Motivation | Ability |
| High | 4.468 | 4.603 | High | 2.590 | 2.521 |
| Low | 4.769 | 4.607 | Low | 2.488 | 2.587 |